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Abstract

Global forestry sector is going through remarkable changes. The growing competitive advantage of emerging markets as producers of pulp and paper is attracting investments in these regions. South America has become the most attractive location for global pulp production. In Finland, the forestry sector has faced serious challenges in the recent years. While reducing their capacity at home, Finnish forest companies have been actively looking for investment opportunities in the emerging markets. South America has been the target of some major Finnish investments into pulp production. Stora Enso has entered South America via joint ventures. It has one large pulp mill in Brazil with a local partner. Another large pulp mill is being constructed in Uruguay together with a Chilean partner. The purpose of this study is to understand why Stora Enso has chosen joint ventures as their means of entering South American countries in its consecutive investments.

Two approaches were used for understanding joint venture entries. Analysing the underlying factors affecting each market entry supports the analysis of the managerial motives for using joint ventures and extends the understanding of the context in which the investments occur. The managerial motives for creating joint ventures represent the interpretation of the antecedent factors and complete the understanding of why a particular company has chosen to use joint ventures in each case.

The empirical data was collected with a triangulation method combining a variety of secondary data sources and interviews with the case company's management. The results of the study show that the motives for choosing a joint venture differed between the two investments. In the first one, the partner's expertise and the opportunity to remarkable learning were identified as the most important motives for creating the joint venture. In the latter, the choice of a joint venture can be largely explained by the good experience of using a joint venture in the first investment. Sharing the financial risk was an important motive in both cases. The factors and the motives that led to the choice of a joint venture in these cases could be ranked according to their significance.

Key words	Joint ventures, forest industry, South-America
Further information	